THE EFFECT OF COMPANY SIZE, SOLVENCY AND AUDIT COMMITTEE ON DELAY AUDIT

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ABSTRACT

Delay in financial reporting, a company complaint. Because the investor no longer believes. Therefore, audit delay needs to be addressed. This study aims to analyze and describe audit delay factors. The research method used is quantitative with secondary data. The populations in this study were all manufacturing companies listed on the Indonesia Stock Exchange. The sample technique used is purposive with the criteria specified are companies those publish audited financial statements for four consecutive years and use the rupiah currency, so the total number of samples in this study is 100 data. Independent variables in this study are company size, solvability and audit committee, variables dependent in this study is audit delay. The data analysis technique used is multiple linear regressions. The results of the analysis show that the solvability variable has a significant effect on audit delay. While the variable size of the company and the audit committee does not have a significant effect on audit delay.

Keywords: Audit delay, Company Size, Solvency, Audit Committee

PROEM

The importance of the audit delay in a financial report requires the auditor to complete the work on time. On the other hand, auditing takes a long time in identifying problems, requires precision in finding evidence, and focuses on making quality financial reports (Aryaningsih and Budiartha, 2014). Time difference in financial statements. between the date of the financial statement and the date of the audit opinion, indicating the length of the audit time (Aryaningsih and Budiartha, 2014). The bad impact caused by financial statements is the loss of public trust or investors (Kartika, 2009). Therefore, fundamentally financial statements must be on time. Thus, the audit time must be adjusted. In many literature, audit delay is not physically harmful.
However, eliminating opportunities in the future. In view of market segmentation, this is a big loss, because it can lose its existence, namely the weak public trust.

The timeliness of financial reporting is regulated in the Decree of the Chairman of the Capital Market Supervisory Agency Number KEP 36 / PM / 2003, and the Decree of the Chairman of the Capital Market Supervisory Agency Number 431 / BL / 2012 concerning the Obligation to Submit Periodic Financial Reports (Kuswanto and Manaf, 2015). In the regulations it is stated, that the submission of financial statements, at the latest at the end of the fourth month (120 days) after the date of the annual financial report. On the other hand, auditing is an activity that requires time, so that sometimes the submission of an audit report is delayed. The auditor performs his audit assignments based on the Public Accountant Professional Standards (SPAP), especially in the standard section of field work (Anggarawati and Fuad, 2016).

The preparation timeliness audit report on financial statements can affect the value of the financial statements (Puspitasari and Sari, 2012). Delay in information will cause a negative reaction from capital market players, because the audited financial statements contain important information. The delay in the delivery of information will cause investor confidence to decline, thus affecting the selling price of shares. In general, investors assume that the delay in submitting financial statements is a bad sign for the company's health condition. The interesting thing is, audit delay can disrupt the level of profit and sustainability of the company, so that carefulness and accuracy are needed in the audit process. As a result of the process, the audit delay is getting longer (Darmawan and Widhiyani, 2017). The time difference between the date of the financial statement and the date of the audit opinion in the financial statements shows the length of time the audit is completed, this condition is referred to as Audit delay.

Research on Audit delay has been done a lot, but there are still many differences. This study aims to examine the factors that influence audit delay, including Company Size, Solvability and Audit Committee. The existence of this study, aims to determine the gap to minimize audit delay. Furthermore, it is expected that financial report weaknesses can be known which cause audit delay too long.

Research conducted by Prabowo and Marsono (2013: 11) states that Company Size has a Positive Effect on Audit delay. Due to Company Size, it is a function of the speed of financial reporting. The larger a company, the audited financial statements will
be published quickly. This is helped by many good sources of information and internal control systems. Thus, it can reduce errors and facilitate auditors in financial statement audits.

Solvability is the ability of a company to fulfill its financial obligations when liquidated. In the research conducted by Puspitasari and Anggraini (2012: 33) states that Solvability has a positive and significant effect on Audit delay. This is because, the high amount of debt causes the audit process to be relatively longer. Large debt, often makes it difficult for the auditor to find proof of payment. This is one of the problems. Even in other cases, debt hinders the auditor in assessing, because there are still outstanding debts.

The Audit Committee is tasked with assessing planning, examining the implementation and evaluation of audit results. The aim is to find out the feasibility and ability of internal control, including overseeing the process of preparing financial statements. Research conducted by Haryani and Wiratmaja (2014: 75), the Audit Committee influences audit delay. Many audit committee members have a fast audit delay. Facts about the audit committee are a form of the company's efforts and seriousness in financial reporting. The existence of an audit committee cannot be ignored, its function as an audit examiner is quite effective, especially during publication.

THEORETIC

Company size with audit delay

The size of the company has a long influence on audit delay. This is based on facts. In fact, large companies have a lot of wealth, business, transactions and so on. On the other hand, the audit process is carried out carefully, thoroughly, thoroughly, so that the evidence or facts produced are accurate. These conditions in accounting are called complexes. Therefore, the audit process will use a long time.

The research results of Lucyanda and Nur'ani (2013: 142) state that company size does not affect audit delay, due to other factors, such as the quality of internal controls and audit fees. An interesting fact about company size is its attachment to audit delay. In complexity, the size of the company slightly interferes with audit delay. However, the small assets do not become a barrier.
The results of research conducted by Prabowo and Marsono (2013: 11) state that firm size has a positive effect on audit delay, because company size is a function of the speed of financial reporting. In other words, the larger the company is measured by its total assets, the longer the audit delay will be. This is related to the larger the company, the more samples the auditor must take, the more extensive audit procedures that must be carried out.

**Solvability with audit delay**

Solvency is the ability of a company to pay its debts. The high debt held by the company indicates a delay in the preparation of the audit report. Because, a high level of debt indicates, the company has a problem and is not running effectively, so it has an impact on the length of the audit delay.

Research conducted by Puspitasari and Anggraeni (2012) suggests that solvency has a significant effect on audit delay. With explanation, the high amount of debt that the company has will lead to a longer audit process. But the research conducted by Priyambodo (2016), shows that solvency does not affect audit delay.

**Committee with Audit delay**

The audit committee has the duty to monitor the planning, implementation and evaluation of audit results, in order to assess feasibility and internal control, including overseeing the process of preparing financial statements. Based on Bapepam regulations, every company goes public, is required to form an audit committee, which has a minimum of 3 members. The more number of audit committees, the audit delay will be shorter.

Haryani Research (2014) shows that audit committees influence audit delay. This finding confirms that the number of audit committee members represents the functions of the committee, generally running effectively, because they are related to mutual success. The audit committee is not seen as a direct factor for audit delay. However, the function of the audit committee in overseeing reporting and auditing is very intensive. Might be that the influential ones.

While the results of Hakam's research (2014) show that audit committees have no significant effect on audit delay. Weak internal control, is one of the causes of a long audit delay. In many cases, audit committees are unprofessional and ignore the aspects of propriety, not the audit process.
Firm size, Solvability, and Audit Committee with Audit delay

Large company size shows a high level of complexity, so the audit process will take a long time. Similar to solvency, the high ratio of debt to total assets has an impact on the length of completion of a financial statement audit. Every company is required to form an audit committee of at least 3 people. Because audit committee members working in a company can determine how long the audit delay will be produced. If many audit committee members who participate in the process of preparing the audit report, will shorten the audit delay time.

METHOD
The research method used is quantitative with secondary data. Data is obtained from a predetermined population, namely data on manufacturing companies listed on the Indonesia Stock Exchange. The sample technique used was purposive sampling, by setting criteria for selecting samples. The data used are secondary data from audited financial statements for 2013, 2014, 2015 and 2016. The data is obtained from the official website of the Indonesia Stock Exchange www.idx.co.id. While the research variables are Firm size, Solvability, Audit Committee and Audit delay.

RESULT
The dependent variable used is Audit delay, and the independent variables namely Company Size, Solvability and Audit Committee. This research was conducted by taking financial statements of Manufacturing companies listed on the Indonesia Stock Exchange in 2013-2016. The following are the results, analysis and discussion of research.

Table 1. Descriptive Analysis

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD</td>
<td>100</td>
<td>40,00</td>
<td>147,00</td>
<td>77,2400</td>
<td>16,63216</td>
</tr>
<tr>
<td>UP</td>
<td>100</td>
<td>23,48</td>
<td>31,78</td>
<td>27,9983</td>
<td>1,73563</td>
</tr>
<tr>
<td>SOLVA</td>
<td>100</td>
<td>,14</td>
<td>,91</td>
<td>,4805</td>
<td>,18744</td>
</tr>
<tr>
<td>KA</td>
<td>100</td>
<td>0</td>
<td>1</td>
<td>.96</td>
<td>.197</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data, 2018
Descriptive analysis results show that audit delay occurs at least 40 days (1 month, 10 days), at most 147 days (4 months, 9 days) and an average of 77 days (2 months, 5 days). In other words, the average company is able to issue financial statements before maturity, which is 120 days (BAPEPAM calendar). However, there are still companies that exceed the deadline in submitting audited financial statements by auditing 147 days delay, namely PT. Sierad Produce Tbk in 2014, while the company with the lowest audit delay value of 40 days in this study was PT Champion Pacific Indonesia Tbk in 2014.

Company size is usually measured using the total assets owned by the company. In this study, Company Size is measured using the company's total assets using log size (natural logarithms). The results of the descriptive analysis of company size variables in this study obtained the highest value of log 31.78 and the lowest value of log 23.48 with an average of log 27.9983 and a standard deviation of 1.73563. This shows, that the companies sampled are companies with large total assets. The company that has the highest company size in this study is PT Gudang Garam Tbk, 2015. While the size of the company that has the lowest value in this study is PT Charoen Pokphand Indonesia Tbk, 2013.

The results of the descriptive analysis show the highest solvency value is 0.91, the lowest value is 0.14, the average value is 0.4805 and the standard deviation is 0.18744. This means that manufacturing companies are not fully financed by debt, because the proportion of debt is less than the proportion of assets. The company with the highest solvency value is PT Tirta Mahakam Resources Tbk, in 2013. While the company, with a low solvency level, is PT Tunas Alfin Tbk, 2016.

The audit committee is one of the committees formed by the board of commissioners and is responsible to the board of commissioners with the main duties and responsibilities, is to ensure the principles of Good Corporate Governance (transparency and disclosure) are applied consistently. This variable is measured by a dummy variable, so that the calculation of maximum and minimum values is not required for categorizing categories. If the company has audit committee members of at least 3 people then it is given a value of 1, and if the audit committee members are not 3 people then given a value of 0. Based on the results of descriptive statistics it can be seen that the minimum audit committee value is 0, it can be said there is an audit
committee as many as 1 person. While the maximum value is 1, it can be said that there is an audit committee of 3 people.

**Table 2. Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>(Constant)</td>
<td>34,029</td>
<td>26,486</td>
<td>1,285</td>
</tr>
<tr>
<td>UP</td>
<td>1,383</td>
<td>1,021</td>
<td>.144</td>
<td>1,355</td>
</tr>
<tr>
<td>SOLVA</td>
<td>22,410</td>
<td>8,705</td>
<td>.253</td>
<td>2,574</td>
</tr>
<tr>
<td>KA</td>
<td>-6,540</td>
<td>8,995</td>
<td>-.077</td>
<td>-727</td>
</tr>
</tbody>
</table>

Source: Research data, 2018

Based on the results table above, a significance value of 0.179 is obtained. This shows, that the significance value is greater than the significance level of 5% (0.179 > 0.05), so the first hypothesis is rejected, so it can be concluded that Company Size does not have a significant effect on Audit delay. The results of this study are in line with the research conducted by Lucyanda and Nura'ni in 2013 which stated that Company Size did not affect Audit delay. The size of the company does not affect audit delay, because all companies listed on the Indonesia Stock Exchange are supervised by investors, capital supervisors and the government. Therefore, companies with large and small assets have the same possibility in facing pressure over the submission of financial statements. In addition, the auditor also considers that, in the auditing process, the amount of assets owned by the company will be examined in the same way, in accordance with the procedures in the Public Accountant Professional Standards (SPAP). According to Saemargani (2015: 69) Company size does not affect audit delay, because the assessment of Company size by using total assets is considered more stable, compared to using market value and sales level. So that the size of the company assessed by total assets does not affect audit delay.

The second hypothesis in this study, alleged solvency has an effect on audit delay. Based on the regression results table, a value of 0.012 is obtained. This shows, the significance value is smaller than the significance level of 5% (0.012 < 0.05), then the hypothesis is accepted. It can be concluded, solvency has a significant effect on audit delay. The results of this study are in line with the research conducted by Elen and Anggraeni in 2012 and Puspita Sari in 2015. The high amount of debt that the company has, will hamper the audit process and take longer. The proportion of debt to total assets.
is high, allowing the auditor to increase caution and accuracy, with deepening of the audit. When viewed from the point of view of the lender. The ratio of total debt to total assets, provides a measure of the level of risk in relation to the availability of asset values that can be used as collateral. The larger the company's debt, the longer the audit will be and the audit report will be late.

The third hypothesis in this study, allegedly the Audit Committee had an effect on audit delay. The results of the analysis show, a significance value of 0.469. This explains, the significance value is greater than the significance level of 5% (0.469 > 0.05), then the third hypothesis is rejected. It can be concluded, the audit committee has no significant effect on audit delay. The results of this study are in line with research conducted by Angruningrum in 2013 and Primary in 2014. This can be explained, the function of the audit committee is only as a public accountant, assisting independent auditors in completing audits, ensuring the implementation of audits in accordance with standards and management follow-up. The audit committee, directly does not participate in conducting audits. So that the audit committee has no effect on the timeliness of submitting audit reports. If the audit committee has a financial background, it usually helps a little in the process of preparing an audit report, because audits with a financial background have more knowledge than audit committees that are not financially backgrounded. However, the main task of the audit committee is to serve as an independent supervisor, so that the authority in issuing audit reports is largely determined by the auditor.

Table 3. Simultaneous Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2309,996</td>
<td>3</td>
<td>769,999</td>
<td>2,948</td>
<td>0.037</td>
</tr>
<tr>
<td>Residual</td>
<td>25076,244</td>
<td>96</td>
<td>261,211</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27386,240</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data, 2018

Based on the findings above, the calculated F value is 2.948 with a significance value of 0.037. This shows, the significance value is smaller than the significance level of 5% (0.037 < 0.05), then the fourth hypothesis is accepted. That is, simultaneously the Company Size, Solvability and Audit Committee have a significant effect on audit delay. This finding confirms that it is important to improve the company's ability to
settle its debts. It is important to improve the company's finances from the asset side, and the existence of the audit committee, is very helpful in accelerating the audit financial report. This means, these three variables cannot be seen from a partial perspective. Therefore, in completing an audit delay case it is necessary to be comprehensive.

CONCLUSION

The results of the study show that the Company Size has no significant effect on Audit delay. Solvability has a significant effect on Audit delay. The Audit Committee has no significant effect on Audit delay. Simultaneously, Company Size, Solvability and Audit Committee have a significant effect on Audit delay in Manufacturing companies listed on the Indonesia Stock Exchange in 2013-2016.

Explicitly this finding confirms, the Auditor is advised to plan field work properly, so that the audit process can be carried out effectively and achieve timely reporting. In addition, the company should evaluate performance regularly, in order to be able to control the dominant factors that can affect Audit delay, namely Solvability. Furthermore, in an effort to optimize, the company is expected to be able to provide the data needed during the process of checking financial statements, so that financial statements can be published earlier.

In an effort to minimize audit delay, forming a daily internal audit team is one solution. In it, there are company people, who are directly involved in the activities of the organization, know the company's financial statements, have knowledge of audits, are professional and have integrity. At the planning stage, the company makes the following efforts, 1) forming an internal audit team, 2) making internal audit policies, 3) preparing internal audit SOPs, 4) preparing facilities. In holding the implementation, the following activities are carried out, 1) the daily internal audit team collects evidence of corporate finance, 2) makes recapitulation, 3) prepares temporary audit reports, 4) conducts documentation. At the evaluation stage, the following are carried out: 1) review and discussion of the temporary audit report, 2) up date temporary audit report, 3) leadership assessment, 4) documentation. The important thing, which must be maintained is, 1) increasing the size of the company (enlarging market share), 2) minimizing debt, 3) a solid audit committee.
REFERENCES


